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Evaluation activities

Evaluation activities

Note by the Director of the Office of Evaluation and Internal Oversight

In compliance with Board decision IDB.29/Dec.7 (h), the Secretariat reports on evaluation activities on a biennial basis. This report complements the information provided in the Annual Reports 2016 and 2017.

Contents

		Paragraphs	Page
I.	Background	1	2
II.	The evaluation function	2–6	2
III.	Activities and contributions of independent evaluations	7–10	2
IV.	Synthesis of evaluation findings	11–37	3
V.	Action required of the Board	38	6

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I. Background

1. In decision IDB.29/Dec.7, the Board, inter alia, affirmed the importance of Member States receiving objective and credible feedback on the performance of UNIDO country-level programmes based on the findings and lessons learned from independent evaluations. This report is submitted in accordance with paragraph (h) of that decision, which requested the Secretariat to report on evaluation activities on a biennial basis. This report informs on the performance of UNIDO interventions, consolidates evaluation findings and lessons, and draws attention to systematic issues to further enhance UNIDO's development effectiveness. All UNIDO independent evaluation reports are available on the UNIDO website (https://www.unido.org/resources/evaluation).

II. The UNIDO evaluation function

2. During the time covered by this report (2016–2017), and as promulgated in the Director General's Bulletin UNIDO/DGB/2016/01 (27 January 2016) and superseded by the Director General's Bulletin UNIDO/DGB/2016/01/Amend.1 (17 February 2016), the UNIDO independent evaluation function was implemented by the Independent Evaluation Division (ODG/EVQ/IEV), within the Office of the Director General.

3. Following the establishment of a new organizational structure that was promulgated in the Director General's Bulletin dated 31 January 2018 (UNIDO/DGB/2018/02), the Independent Evaluation Division (ODG/EIO/IED) has been co-located under the Office of Evaluation and Internal Oversight (ODG/EIO), within the Office of the Director General. ODG/EIO/IED derived its roles and responsibilities from the UNIDO Evaluation Policy (UNIDO/DGB/2018/08). According to this policy, evaluation serves three purposes: it ensures accountability, supports management and drives learning and innovation.

4. The UNIDO Executive Board considered the work programme and provisional budget of ODG/EIO/IED and approved the budget in the amount of €660,000 for the implementation of the work programme 2016–2017. The budget allocations were used to conduct country, strategic and thematic evaluations and to implement other evaluation activities, including national evaluation capacity-building.

5. In addition, ODG/EIO/IED continued to manage and provide quality assurance for independent project and programme evaluations that were financed from the respective project budgets.

6. To address and overcome a number of challenges faced by ODG/EIO/IED over the past years, the establishment of an Evaluation Trust Fund was proposed to UNIDO senior management and Member States who welcomed this initiative, inter alia to overcome the limited financial resources for strategic and aggregated evaluation products, such as synthesis, country-level and thematic evaluations. The external auditor has also been supporting this initiative.

III. Activities and contributions of independent evaluations

Evaluations

7. During 2016–2017 four thematic evaluations were finalized, namely: UNIDO ozone depleting substances projects under the Montreal Protocol with emphasis on countries in the European and the Latin American and Caribbean regions; UNIDO's partnerships with donors; the mid-term evaluation of UNIDO's Programme for Country Partnership (PCP); and UNIDO's Staff Competency Development. One impact evaluation of UNIDO's industrial energy efficiency-related programmes was launched in October 2017.

V.18-05787

8. Two country-level evaluations were conducted, namely in countries of the Latin American and the Caribbean region (Dominican Republic, Guatemala and Nicaragua), and in the United Republic of Tanzania. One country evaluation (Nigeria) was still ongoing by the end of 2017. In addition, ODG/EIO/IED continued to manage and provided quality assurance for a large number of independently conducted project evaluations.

Learning and evaluation capacity-building

9. Through a management response system, acceptance and implementation of evaluation recommendations continued to be monitored. During the reporting period 2016–2017, a total of 397 recommendations were issued. The acceptance rate (fully/partially accepted) of recommendations remained high, with an average of 96 per cent. Regarding the implementation status for recommendations issued in 2016, and for which the one-year follow-up cycle was completed by 2017, 54 per cent of the recommendations for which information was provided had been implemented, 38 per cent were still under implementation and 8 per cent had not been implemented at the time of reporting. Information on the level of implementation for recommendations issued in 2017 will be provided in a future report to the Board.

10. Briefings to Member States were held on a regular basis and covered mainly the findings of thematic and country evaluations. To respond to the demand from counterpart ministries to support and strengthen their evaluation capacities, a workshop on evaluation and evaluation management was held in Mexico (2017). The workshop was a regional training for UNIDO counterpart ministries in Central America and in the Caribbean region.

IV. Synthesis of evaluation findings

General findings

11. From 33 evaluation reports issued in 2016 and 2017, it can be concluded that the **relevance** of UNIDO projects and programmes was high. Their objectives were based on needs/challenges of target institutions/enterprises and were in general well aligned to government policies, strategies and priorities. The objectives addressed key challenges to inclusive and sustainable industrial development (ISID).

12. **Ownership** by counterparts and their participation of were seen as positive contributions to relevance, efficiency, effectiveness, and sustainability of interventions. In a few cases however, communication with stakeholders, documentation, discussion and exchange of experience were found to be weak. For example, this was found to be the case regarding on-grid and off-grid renewable energy installations and their contribution to rural development. The limited discussion and exchange resulted in limited dissemination of results and reduced prospects of sustainability.

13. Excellent to good **performance** and output level results were reported in a majority of evaluation reports. In several cases, however, it was too early to assess outcome or impact level results. Challenges when making evidence-based statements on impact often related to weak log frames, lacking measurable indicators for project performance and clearly defined quantitative targets, and to a lack of detailed monitoring data to assess outcome and impact.

14. **Alignment** with countries' plans to achieve Goal 9 and support of related SDGs relevant to UNIDO's ISID mandate in a quantifiable and measurable manner was not evident in all cases.

15. In terms of **efficiency**, UNIDO's role and contribution, as well as the financial and in-kind contributions of the counterparts, were appreciated. In some instances, difficulties were reported in staffing project field teams and in enhancing their coherence by training and mentoring new recruits. The need to strengthen cooperation with funding agencies was also reported in some cases.

16. The **likelihood** of financial, technical and organizational **sustainability** varied from good to problematic, depending on the quality of programme/project design and the establishment of an inter-ministerial follow-up group or committee, or a similar mechanism, to monitor and advise.

Key findings from country evaluations conducted during 2016–2017

Relevance

17. UNIDO activities in the countries evaluated were in general well aligned with national industrial development priorities as well as with the United Nations Development Assistance Frameworks and United Nations Development Assistance Plans. However, alignment of projects with national priorities did not happen in all cases or to the desired extent in the context of a strategic dialogue with the countries. Since UNIDO implements projects funded by donors and does not possess any significant resources of its own to fund projects, projects align primarily with donors' mandates. UNIDO's support was generally acknowledged and appreciated by counterparts, but sometimes political recognition was uneven and UNIDO's profile was not evident.

Effectiveness

18. There were limited synergies between UNIDO projects in evaluated countries. Reasons were the conception of the projects as individual unrelated interventions, funding uncertainties or structural issues. This led to rather isolated interventions, which were fragmented geographically, thematically and institutionally, lending themselves to limited synergies.

19. In the United Republic of Tanzania, the most notable successful intervention was the strengthening of the analytical technical capacity of the National Bureau of Statistics and of the staff of the Ministry of Industry, Trade and Investment. This intervention had an influence on the five-year development plan 2016/17–2020/21, "Nurturing Industrialization for Economic Transformation and Human Development".

20. Results in environment and energy projects funded by the Global Environment Facility were clearly identified at the design stage and had been achieved or were likely to be achieved. The most relevant example, the "mini-grids" project in the United Republic of Tanzania, should reach a large number of beneficiaries once all small hydropower mills are operating. The project also took a corporate social responsibility approach, integrating into its business model actions that further social good and make a positive impact on the environment and stakeholders, including employees, investors and communities.

21. The achievement of results of the biomass-based electricity generation project (ID 100288) in the Dominican Republic was found to be threatened, unless the risks associated with the identification of a suitable new beneficiary or beneficiaries and financing schemes are promptly managed.

22. Results from projects related to renewable energies and cleaner production were diverse. The results in Guatemala and Nicaragua of projects related to cleaner production appeared satisfactory, with the centres operating actively. However, little evidence of results was available regarding some projects, such as the observatory of renewable energies (ID 1001433).

23. In all countries, the projects funded by the Multilateral Fund for the Application of the Montreal Protocol, as well as those related to the application of the Stockholm and Minamata Conventions had achieved their objectives or were likely to achieve them.

24. The support to the development of national quality infrastructure was in general effective, such as the development of national metrology laboratories in Guatemala

and Nicaragua. However, their contribution to increasing exports could not be ascertained.

25. In Guatemala, Nicaragua and the United Republic of Tanzania, several UNIDO projects aimed to contribute to poverty reduction and the creation of shared prosperity. The cacao sector in Nicaragua was supported consistently by some of the projects, such as those to strengthen management of natural resources in Bosawas (ID 102026) and to promote areas affected by hurricane [illegible] (NIC/09/003). These initiatives were precursors of the PROCACAO programme (ID 120021). This project was ongoing at the time of the evaluation and was considered highly likely to achieve its intended results. The ongoing regional programme to improve productivity of shrimps (ID 140337) was also deemed well oriented towards achieving its intended results in Nicaragua and the Dominican Republic.

26. Long-term benefits of UNIDO projects were found at the macro, meso and micro levels. There were also examples of potential multiplier effects. At the micro level, the outreach to end-beneficiaries was generally rather small.

Gender and youth

27. Many references to gender and youth were found in most projects. However, gender and youth were not fully mainstreamed. Youth, with a few exceptions, received less attention than the gender dimension. Despite this fact, evidence was obtained of projects having benefitted men and women equally and significantly, and to a lesser extent also the young population.

Project implementation

28. Overall, governments were highly satisfied with the collaboration with UNIDO. UNIDO was seen as a trusted, long-term partner. The technical expertise provided by UNIDO was greatly valued.

29. Monitoring and evaluation of projects during implementation is an aspect to improve in many cases. Most importantly, documentation of results was systematically scarce.

30. The implementation modality of the PROCACAO project in Nicaragua was regarded as a significant strength of UNIDO in this project, with UNIDO's "Technical Accompaniment Unit" working in close collaboration with central and regional government institutions and promoting and reinforcing links with communities.

Key findings from thematic evaluations

UNIDO's partnerships with donors

31. The evaluation demonstrated positive partnerships performance overall. UNIDO is favourably perceived as a relevant and good value-for-money partner who can deliver results on the ground for its key funding partners.

32. The evaluation highlighted some key areas for improvement. Firstly, there were concerns regarding the extent to which UNIDO contributed to long-term sustainable results in relation to corporate results towards ISID objectives and the global targets for Goal 9. Secondly, strategic relationships were felt to be facing challenges as funding partners shift priorities.

33. UNIDO requires a comprehensive partnership strategy and system to guide how funding partnerships are approached and managed at an Organization-wide level. Much of resource mobilization is left to project managers. While current efforts are appreciated by funding partners, it is insufficient to address more strategic partnership requirements. As a result, UNIDO was not fully seizing the available opportunities for improved long-term funding partnerships.

34. Overall, UNIDO's PCP was found to be fully in line and consistent with the UNIDO ISID mandate as well as on the right track "to extend the impact of UNIDO's technical cooperation and accelerate ISID in Member States", which is the objective of the PCP.

35. The evaluation concluded that flagship projects make the PCP distinctively different from the standard UNIDO country programmes, especially in terms of scale. Flagship projects require significant investments from public and private partners and resource mobilization is a lengthy process. In some cases, UNIDO was perceived as being capable of and responsible for mobilizing resources for governments. However, UNIDO can only have a supporting role and the primary responsibility for resources mobilization lies with governments. A major shift with regard to the mobilization of large-scale public and private investment has yet to take place.

36. Furthermore, the objectives and expectations of the pilot PCPs currently under implementation in Ethiopia, Peru and Senegal were considered quite ambitious and there was a risk that these would not be met. Thus, UNIDO has to be ready to provide complementary assistance and accompany the implementation of large flagship projects.

37. Securing financial resources to kick-start the PCP requires attention. The underfunded Partnership Trust Fund is a serious constraint to accelerate the PCP implementation in some of the pilot countries.

V. Action required of the Board

38. The Board may wish to consider adopting the following draft decision:

"The Industrial Development Board:

(a) Takes note of the report on the evaluation activities (IDB.46/18);

(b) Reiterates its support to the evaluation function for accountability, learning and contribution to development effectiveness;

(c) Encourages evaluations on results at outcome and impact levels, and the incorporation of information on performance and lessons into management and strategic planning processes."